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and place to be designated by the executive committee of this convention in a call to be issued therefor; and, at such meeting the commission shall organize by the election of such officers and the adoption of such rules and by-laws for its own government as may be agreed, by a majority of its members; and thereafter it shall be governed by such rules and by-laws subject to these articles.

ARTICLE 3. All rules and by-laws of the commission and all its proceedings shall be directed toward the accomplishment of the objects of its creation, which is to make a thorough investigation of the monetary affairs and needs of this country, in all relations and aspects, and to make appropriate suggestions as to any evils found to exist, and the remedies therefor; and no limit is placed upon the scope of such inquiry or the manner of conducting the same, excepting only that the expenses thereof shall not exceed the sums set apart for such purpose by the executive committee.

ARTICLE 4. The executive committee of this convention shall use so much of the voluntary contributions made to it as may be available for that purpose, to defray all necessary expenses of the commission, and shall notify the commission from time to time of the amount so available, in order that it may regulate its expenditures accordingly, and no liability shall attach to said committee, or to this convention, beyond the amount so notified.

ARTICLE 5. When the labors of this commission have been completed as far as practicable, the executive committee, if it deems it advisable, shall issue a call to bring this convention together again at a time and place designated in such call; and at the meeting so convened the commission shall make report of its doings and suggestions in such manner and form as it shall deem best adapted to present the same to this convention and its members for action; and if legislation is deemed advisable, shall accompany such report with a draft of such bill, or bills, providing for such legislation.

Resolved, That all resolutions and communications as to methods of currency reform which have been presented to this convention, be referred to such commission when formed.

SPECIE RESUMPTION IN RUSSIA.

THE issue of the ukase in February 1897, adopting the scheme of Finance Minister Witte, is the end of a series of events running back to 1843, and mainly concerns the redemption in specie of Russian paper money. The present paper money dates from the "credit-ruble" of 1843, which, until very recently, has been the obligatory tender for all debts. In theory these paper rubles were redeemable, on demand, in specie (then silver), but in fact they have never been so redeemed.

The fundamental difficulty connected with the depreciation of Russian paper money is to be found in the same confusion of mind which our own financiers manifested in 1861-2, when our greenbacks were issued. This was the inability to separate fiscal from monetary functions; the standard of payments and the media of exchange were thrown into dire confusion owing to the error of supposing that borrowing could be rightly effected by upturning the money standard. The standard in which prices are expressed should not be tampered with, especially if business certainty and prosperity are to be desired; hence, when a government wishes to borrow, it is senseless to do that very thing which interrupts business prosperity and destroys its general credit. The Russians are learning their lesson by experience. After the establishment of the state bank (May 31, 1860), which is intimately associated with and controlled by the government, Lamanski urged, as a special departure in his proposed reforms, that the state should forever renounce the issue of notes for fiscal necessities, as a condition precedent to redeeming the notes.

In every case, however, temptation proved too great. In the Crimean War the evil of borrowing through issues of notes swelled the quantity of paper money; again, in 1863, when there was fear of intervention in Poland; and especially in the Russo-Turkish War of 1877-8. In the statements accompanying proposed reforms in 1894, it was discovered that only 87 million rubles of the extra issues (417 million rubles) of 1877-8 had been destroyed. And August 16, 1895, the total paper circulation stood at 1,121,300,000 rubles.

The problem of the redemption of this inconvertible paper was as much a fiscal as a monetary problem. There must be obtained the means to pay off demand debts just as any other kind of debts; and it must be firmly established that the quantity of paper should not be determined by the accidents of foreign diplomacy or treasury needs. A certain quantity of the medium of exchange was needed for a given sum of transactions; and this should not be fixed by the needs of the treasury, which should properly be supplied by taxation and legitimate borrowing.

With the improvement of public credit and the cessation of deficits came an increase of specie reserves. By the consolidated loans of 1868-1875 the reserves had increased to 229.4 million rubles (of which only 28.3 millions were silver). After 1873 the imperial bank protected itself from receiving silver at its old value; and as silver fell

it could not come back into use or fill up reserves. In other words, Russia, like Italy, by the fact of having inconvertible paper money in and about 1873, and no considerable sums of silver on hand (as had France), escaped any possible loss or anxiety from the fall in the value of silver.

In consequence of this attitude the public naturally associated the possibility of future redemption — be that possibility faint or certain — of the paper with gold rather than silver. The paper had depreciated; but, as in Austria, its value was wholly disconnected from the value of silver. Hence silver might fall below the gold value of the paper (as it did in Austria). But the ultimate value of the paper depended on the chances of redemption in gold; and the depreciation to 60 $\frac{2}{3}$ copecks in 1886 showed this expectation to be slight. As the gold reserves increased, the notes rose in value (as, for example, in 1875).

Inasmuch as the paper ruble, more or less depreciated, had been the standard of prices and business engagements for so many years, any definite plan of resumption first required a settlement (as in the *Valuta-Regulierung* of Austria in 1892) of the rate at which the paper should be redeemed in gold. In the plan of Finance Minister Witte, just adopted, the paper had been rated at two-thirds of its face value in gold. The old gold coins were the imperial (10 rubles) and half-imperial (5 rubles); the imperial containing 12.09039 grams of gold $\frac{9}{10}$ fine. The old gold ruble was equal to 77.18 cents of United States gold coin. By the new law the new gold ruble is reduced by one-third of its value to bring it to equality with the current value of the paper ruble, and hence the new gold ruble is worth 51.45 cents, in United States gold coin. Of course, gold contracts entered into before resumption are to be settled in the proportion of one and one-half of the new gold rubles to one of the old gold rubles.

The old silver ruble (of 19.995 grams, or 308.571 grains) was worth, October 1, 1895, in United States gold coin, only 38.9 cents. The holders of paper money receive a higher value by this new scheme than if the redemption had been in silver. Silver, however, has been retained by M. Witte, but only for subsidiary coins, being a legal tender for not more than fifty rubles.

The metallic resources of the treasury (including those of the bank) on June 30, 1895, were reckoned at 580.8 million rubles, of which only 4,660,000 rubles were silver. Thus, with a reserve equal to about one-half of the total paper circulation, the experiment of redemp-

tion ought to succeed. In 1895 the government had already permitted gold to be used in domestic transactions. Inasmuch as the measure was opposed by a majority of the state council it has become a law by imperial decree. Yet it seems to have the opposition of economists and financiers at home. By the rapid acquisition of gold in recent years Russia has outstripped Austria-Hungary, and has been the first to reach the actual redemption of her paper money in gold. It does not mean, however, that Russia has changed from the double to the single gold standard, only that she has changed from her old régime of paper (originally to be redeemed in silver) to a gold basis.

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THE TAXATION OF EXPRESS, TELEGRAPH, AND TELEPHONE COMPANIES IN OHIO.

On the 1st of February the Supreme Court of the United States handed down a decision in the Ohio and Indiana tax cases that is destined to mark a new era in the taxation of corporations doing an interstate business. It is one of the most important judgments rendered by the court in many years, as it vastly extends the power of state legislatures over interstate corporations. And if the court is not ready to discriminate in favor of partnerships and individuals it is difficult to see why the ruling of the court should not also be made to apply to them when they are engaged in interstate commerce. This adjudication comes as a surprise from the court which two years ago handed down the decision in the federal income-tax cases.

By this judgment there is established as valid a new principle of taxation—that of valuation of the property of corporations for purposes of taxation on the basis of capital stock. Under the acts of the General Assembly of the State of Ohio passed April 17, 1893, and May 10, 1894, express, telegraph, and telephone companies are taxed in three different ways: (1) on their real estate, (2) upon their gross receipts on business done within the state, (3) they are additionally assessed by a state board. This Board of Appraisers consists of the auditor, treasurer, and attorney-general. By the Act of May 10, 1894, all persons and companies engaged in express, telephone, and telegraph business are required to report annually to the Board of Appraisers; the reports to show the length of lines operated, value of stock, and earnings for the preceding year. Upon these statements as a